

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name St. Clair County Department of Public Works	County St. Clair
Audit Date 12/31/04	Opinion Date 2/9/05	Date Accountant Report Submitted to State: 6/24/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Report on Internal Control			
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Stewart, Beauvais & Whipple PC			
Street Address 1979 Holland Avenue	City Port Huron	State MI	ZIP 48060
Accountant Signature 		Date 6/24/05	

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

ANNUAL FINANCIAL REPORT
WITH
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
DECEMBER 31, 2004

Stewart,
Beauvais
& Whipple P.C.

CERTIFIED PUBLIC ACCOUNTANTS



ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

DECEMBER 31, 2004
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INDEPENDENT AUDITOR'S REPORT

To the Board of the Department
of Public Works of St. Clair County
St. Clair, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department of Public Works of St. Clair County, Michigan, as of and for the year ended December 31, 2004, as shown on pages 10 through 20. These financial statements are the responsibility of the Department of Public Works management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements of the Department of Public Works of St. Clair County, Michigan, are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of St. Clair, Michigan, that is attributable to the transactions of the Department of Public Works. They do not purport to, and do not, present fairly the financial position of the County of St. Clair, Michigan, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Department of Public Works of St. Clair County, Michigan as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with ***Government Auditing Standards***, we have also issued our report, dated February 9, 2005, on our consideration of the Department of Public Works of St. Clair County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards***, and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 3-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department of Public Works of St. Clair County, Michigan's basic financial statements. The combining nonmajor fund financial statements and individual statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements and individual statements have been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion are fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.



Certified Public Accountants

February 9, 2005

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the St. Clair County Department of Public Works (the "DPW"), we offer readers of these financial statements this narrative, overview and analysis of the financial activities of the DPW for the year ended December 31, 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to provide a basis of understanding of the St. Clair County DPW basic statements. These basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. Supplementary financial information is also provided for additional information purposes.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the DPW finances in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the DPW assets and liabilities, with the differences between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the DPW is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the Department of Public Works that are principally supported by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the DPW are debt service. The business-type activities of the Department of Public Works include water and sewer and soil erosion and sedimentation enforcement.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The DPW, like the Primary Government St. Clair County, uses fund accounting to ensure and demonstrate compliance with financial related legal requirements. The funds of the DPW can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the year. Such information may be useful in evaluating the DPW near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the DPW near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The DPW maintains twenty-eight individual governmental funds.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for five debt service funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. Also, individual fund financial statement data is provided by fund type elsewhere in this report.

The governmental fund financial statements can be found on pages 12-17 of this report.

The DPW, because of its relationship with the Road Commission in being able to contract for administrative and operating personnel, does not require a general fund to the extent that most component units do. As a result, the DPW Revolving Fund is used as the general fund of the DPW. The DPW revolving fund is a proprietary fund and is described under the following section.

Proprietary Funds. The Department of Public Works maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The DPW uses enterprise funds to account for its Wastewater Treatment Plant and its Utility Operation and Maintenance Receiving Operations. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the DPW various functions. The DPW uses the DPW revolving fund to accumulate administrative charges for the enterprise funds and to administer the soil erosion and sedimentation program. Because both these services predominantly benefit business-type functions or are business-type functions, they have been included as a business-type function in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Treatment Plant, Utility Operation and Maintenance Receiving and the DPW Revolving operations.

The basic proprietary fund financial statements can be found on pages 18-20 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-34 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents combining statements referred to earlier in connection with non-major governmental fund financial statements and individual statements. These combining and individual statements can be found immediately following the notes to financial statements on pages 35-54.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis

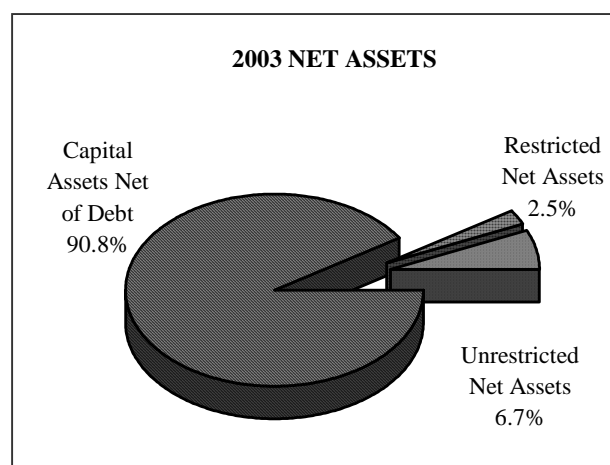
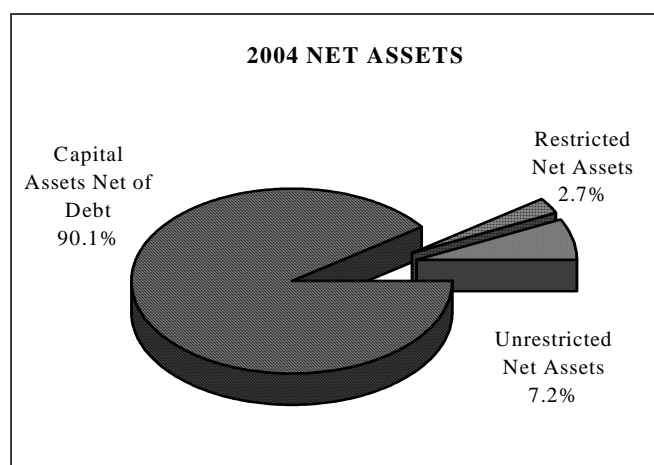
Statement of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The net assets are separated into three major components, investment in capital assets net of debt, restricted net assets, which is the accumulation of service fees mandated for equipment replacement, and unrestricted net assets which may be used to meet the ongoing obligations to citizens and creditors. The DPW's combined net assets decreased 1% from a year ago.

The table below shows a comparison of the net assets (in thousands of dollars) as of December 31, 2004 and 2003 in a condensed format:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other unrestricted assets	\$ -	\$ -	\$ 2,349.9	\$ 2,162.5	\$ 2,349.9	\$ 2,162.5
Restricted assets	39,104.1	45,340.1	548.6	518.2	39,652.7	45,858.3
Capital assets	-	-	18,632.5	19,019.8	18,632.5	19,019.8
Total Assets	39,104.1	45,340.1	21,531.0	21,700.5	60,635.1	67,040.6
Long-term liabilities	35,960.6	41,895.6	-	-	35,960.6	41,895.6
Other liabilities	3,143.5	3,444.5	839.0	(758.6)	3,982.5	2,685.9
Total Liabilities	39,104.1	45,340.1	839.0	(758.6)	39,943.1	44,581.5
Net Assets						
Invested in capital assets-net of debt	-	-	18,632.5	19,019.8	18,632.5	19,019.8
Restricted	-	-	548.6	518.2	548.6	518.2
Unrestricted	-	-	1,510.9	1,403.9	1,510.9	1,403.9
Total Net Assets	\$ -	\$ -	\$ 20,692.0	\$ 20,941.9	\$ 20,692.0	\$ 20,941.9

The percentage of the total net assets of the three major components did not change significantly between the years as shown in the charts below:



Statement of Activities

The following schedule compares the revenues and expenses (in thousands of dollars) for the current and previous fiscal years:

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Program Revenues						
Permits, interest, charges for services	\$ 1,372.3	\$ 2,138.9	\$ 3,325.5	\$ 3,399.1	\$ 4,697.8	\$ 5,538.0
Capital grants and contributions	-	-	99.3	2,872.2	99.3	2,872.2
General Revenues						
Unrestricted investment income	-	-	17.6	13.8	17.6	13.8
Loss on disposal	-	-	(6.7)	-	(6.7)	-
Total Revenues	<u>1,372.3</u>	<u>2,138.9</u>	<u>3,435.7</u>	<u>6,285.1</u>	<u>4,808.0</u>	<u>8,424.0</u>
Program Expenses						
Debt Services	1,372.3	2,138.9	-	-	1,372.3	2,138.9
Water and sewer	-	-	3,497.6	3,542.5	3,497.6	3,542.5
Soil conservation	-	-	188.0	171.3	188.0	171.3
Total Expenses	<u>\$ 1,372.3</u>	<u>2,138.9</u>	<u>3,685.6</u>	<u>3,713.8</u>	<u>5,057.9</u>	<u>5,852.7</u>
Change in Net Assets	-	-	(249.9)	2,571.3	(249.9)	2,571.3
Prior Period Adjustment	-	-	-	-	-	-
Net Assets – Beginning of Year	-	-	20,941.9	18,370.6	20,941.9	18,370.6
Net Assets – End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,692.0</u>	<u>20,941.9</u>	<u>20,692.0</u>	<u>20,941.9</u>

Governmental activities for the DPW break even. Through the contracts with the various municipalities that have sold bonds with the DPW (County) under the provisions of Act 185, Public Acts of 1957, as amended, the municipalities are responsible for all construction and debt service costs. Therefore, any excess cash during or after completion of construction is available for the municipalities to either continue construction or apply to the debt service requirements of their contract (capital lease).

The Water and Sewer activity represents the operation of the SDSI Wastewater Treatment Plant in Algonac and the various segments of the Utility Operation and Maintenance Receiving operations. The Wastewater Treatment Plant operations, through agreements with the City of Algonac and the Townships of Clay and Ira, breaks even before depreciation. All operating costs (net of depreciation) are charged based on a formula that was designed to allocate total operating costs based on usage. The operations of the Utility Operation and Maintenance Receiving Fund are related to the collection of water and sewer charges from various participating municipalities that have contracts with the DPW related to the governmental fund activities described above, the Air Industrial Park and Corporations. The DPW then submits these collections to the municipalities that have the water and sewer plants that provide the utility services.

During the spring of 2004 the improvements to the secondary treatment portion of the Waste Water Treatment Plant were completed, and the treatment facility became operational.

During 2004 the DPW continued to develop the soil erosion and sedimentation program by adding a supervisory position to oversee the department.

Government Funds Financial Analysis

Governmental Funds

As noted earlier, the DPW uses fund accounting to ensure and demonstrate compliance with financial-related legal compliance as it relates to financing under Act 185, Public Acts of 1957, as amended.

As a result the DPW maintains 21 separate debt services funds to report the capital lease proceeds from the various participating municipalities and the payment of the respective debt services on the bonds and loans.

Payments required for debt service are requested twice a year from the municipalities in correlation with the debt service payment requirements.

In order to report the receiving of the bond or loan proceeds and respective expenditures for construction of the water or sewer system, the DPW maintains separate capital projects funds. Once a project is complete the construction fund is closed and any remaining cash is transferred to the projects debt service fund. At December 31, 2004, the DPW had six projects that were active.

The governmental funds are reported on pages 12-17 of this report with the major debt service and capital projects reported separate from all other governmental funds. In the supplement section of the report all debt service and capital projects funds have been reported separately to provide additional supplementary information.

Proprietary Funds

As noted earlier, the DPW proprietary funds provide the same information found in the government-wide financial statements, but in more detail.

The DPW Revolving Fund, which reports the Soil Erosion and Sedimentation Program, reported operating income of \$89,964 in 2003, and \$31,965 in 2004. The \$57,999 decrease in the operating income between years is due to a decrease in the fee schedule for permits, and an increase in costs due to the addition of one employee to the department. The Soil Erosion and Sedimentation Program continues to evaluate its fee structure and staffing needs.

As described in the Government Wide Financial Analysis section, the Waste Water Treatment Plant completed the improvements to the secondary treatment system in the spring of 2004. One of the principal reasons for the improvement is the anticipated decrease in the operational costs for this portion of the treatment process. Operating expenses, less depreciation, from 2003 to 2004 decreased by \$44,713, or about 7% despite rising energy costs.

The statements of net assets, revenues, expenses and changes in fund net assets and cash flows of the three proprietary funds are reported on pages 18-20 of this report.

BUDGETARY HIGHLIGHTS

The Debt Services and Capital Projects Funds are not required to report budgets. The Debt Service Funds are financed exclusively from the municipalities pursuant with a contract associated with the debt service requirements thus control is provided without the need for a formal budget. Annual formal budgetary integration is not employed for the Capital Projects Funds because effective budgetary control is achieved through a total project budget. All construction change orders are reviewed for the effect on the total construction cost and should costs related to construction exceed the proceeds available, the municipalities involved with the project pay for the additional costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – As of year end, the DPW had \$18,632,522 invested in capital assets (net of accumulated depreciation) as reflected in the following schedule, representing an increase of 2% or \$387,272. There is no outstanding debt at December 31, 2004 related to the capital assets reported that is the responsibility of the DPW.

	2004	2003
Land	\$ 705,522	\$ 705,522
Construction in Progress	-	2,797,246
Site Development	206,415	213,344
Plant	7,040,743	4,327,320
Utility System	10,239,210	10,550,511
Machinery and Equipment	440,632	425,851
Total	<u>\$ 18,632,522</u>	<u>\$ 19,019,794</u>

Major capital asset events during the current fiscal year included the following:

- Reclassification of \$2.8 million as construction in progress for improvements to the secondary treatment at the Wastewater Treatment Plant that became operational in spring 2004
- Installation of two sewage pumps capitalized at approximately \$66,000 at the treatment plant
- Various equipment purchases and site development for all funds

Long-Term Liabilities – At the end of the current year, the DPW had bonds and loans outstanding of \$38,840,600 down from \$44,680,600 at December 31, 2003. The debt was issued to finance the construction of water and sewer systems in various townships, villages and cities in St. Clair County. The full faith and credit of the respective townships, villages and cities as well as St. Clair County is pledged.

The debt is to be paid through a capital lease agreement between the various townships, villages and cities and St. Clair County that provides for full payment of the debt and the ownership in the systems reverting to the townships, villages or cities upon final payment.

During 2004 the DPW refinanced the 1996 and 1998 Water Disposal System No. IX Bonds on behalf of Burtchville Township and the 1991 Sewage Disposal System No.X Bonds on behalf of the Village of Capac. With the lowering of interest rates over the past few years, the DPW continues to assess the rates on the current bond issues.

The DPW's credit rating from Standard & Poor's was at AAA for 2003 and A for 2004.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The future of the department can best be summarized as stable. During the past year we completed the following at our wastewater treatment plant:

- Replacement of a failing bio-disk treatment process with an energy saving trickling filter system
- Replacement of aging raw sewage pumps

We also commenced a planned roof replacement on several of our plant buildings. We look forward to fine tuning our plant operations in the coming years in an effort to provide the highest level service at a reasonable cost to our customers.

The department completed involvement in an inter-county study to review the feasibility and practicality of providing one or more septage disposal sites to assist in clean water efforts. We also expanded our efforts to administer soil erosion and sedimentation control standards. During the forthcoming year we will carry out enhanced education programs designed to improve general understanding and compliance with state and federal mandates for reduction of soil erosion and improvement of sedimentation control.

Our 2005 budget provides for modest increases in the cost of products used.

CONTACTING THE DEPARTMENT OF PUBLIC WORKS MANAGEMENT

This financial report is designed to provide a general overview of the Department of Public Works' finances and to show accountability. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the St. Clair County Department of Public Works, 21 Airport Drive, St. Clair, Michigan 48079.

BASIC FINANCIAL STATEMENTS

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ -	\$ 1,563,005	\$ 1,563,005
Receivables	-	18,763	18,763
Due from other governmental units	-	658,892	658,892
Advance to other component units	-	89,281	89,281
Prepaid expense	160,824	19,976	180,800
Restricted Assets -			
Cash and cash equivalents	348,634	523,622	872,256
Contracts receivable	38,594,684	25,000	38,619,684
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	-	705,522	705,522
Assets being depreciated	-	17,927,000	17,927,000
Total Assets	<u>39,104,142</u>	<u>21,531,061</u>	<u>60,635,203</u>
Liabilities:			
Payables and accrued liabilities	\$ -	\$ 18,931	\$ 18,931
Due to primary government	-	504	504
Due to component units	-	81,522	81,522
Due to other governmental units	-	473,568	473,568
Deposits	-	264,523	264,523
Current liabilities (payable from restricted assets) -			
Bonds and revolving loans payable (current portion)	2,880,000	-	2,880,000
Interest payable	263,542	-	263,542
Non-current liabilities			
Bonds payable	21,155,000	-	21,155,000
Revolving loans	14,805,600	-	14,805,600
Total Liabilities	<u>39,104,142</u>	<u>839,048</u>	<u>39,943,190</u>
Net Assets:			
Investment in capital assets	-	18,632,522	18,632,522
Restricted for equipment replacement	-	548,622	548,622
Unrestricted	-	1,510,869	1,510,869
Total Net Assets	<u>\$ -</u>	<u>\$ 20,692,013</u>	<u>\$ 20,692,013</u>

The accompanying notes are an integral part of these financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Assets		
		Permits and Charges for Services	Capital Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Governmental activities:						
Debt service	\$ 1,372,286	\$ 1,372,286	\$ -	\$ -	\$ -	\$ -
Business-Type activities:						
Water and sewer	3,497,625	3,103,602	99,274	-	(294,749)	(294,749)
Soil conservation	187,996	221,868	-	-	33,872	33,872
Total proprietary activities	3,685,621	3,325,470	99,274	-	(260,877)	(260,877)
Total	\$ 5,057,907	\$ 4,697,756	\$ 99,274	-	(260,877)	(260,877)
General revenues:						
Unrestricted investment income				-	17,608	17,608
Loss on disposal of fixed assets				-	(6,664)	(6,664)
				-	10,944	10,944
Change in net assets				-	(249,933)	(249,933)
Net assets at beginning of year				-	20,941,946	20,941,946
Net assets at end of year				\$ -	\$ 20,692,013	\$ 20,692,013

The accompanying notes are an integral part of these financial statements.

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

BALANCE SHEETS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	Debt Service			
	China/E. China WSS III Series 1999	Ira WSS VII 2003A Refunding	Clay WSS II-A Series 2000	Burtchville WSS IX 2004 Refunding
ASSETS				
Cash and cash equivalents	\$ 606	\$ 3,735	\$ 1,129	\$ -
Contracts receivable - capital lease	7,055,000	4,315,000	5,200,000	2,740,000
Total Assets	<u>\$ 7,055,606</u>	<u>\$ 4,318,735</u>	<u>\$ 5,201,129</u>	<u>\$ 2,740,000</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governmental units	\$ 606	\$ 3,735	\$ 1,129	\$ -
Deferred revenue - capital lease	7,055,000	4,315,000	5,200,000	2,740,000
Total Liabilities	<u>7,055,606</u>	<u>4,318,735</u>	<u>5,201,129</u>	<u>2,740,000</u>
Fund Balances:				
Unreserved -				
Designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 7,055,606</u>	<u>\$ 4,318,735</u>	<u>\$ 5,201,129</u>	<u>\$ 2,740,000</u>

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u> <u>Algonac/Clay</u> <u>WSS X</u> <u>Series 1998</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ 1,582	\$ 341,582	\$ 348,634
<u>6,215,600</u>	<u>13,315,000</u>	<u>38,840,600</u>
<u>\$ 6,217,182</u>	<u>\$ 13,656,582</u>	<u>\$ 39,189,234</u>

\$ 1,582	\$ 35,014	\$ 42,066
<u>6,215,600</u>	<u>13,315,000</u>	<u>38,840,600</u>
<u>6,217,182</u>	<u>13,350,014</u>	<u>38,882,666</u>

<u>-</u>	<u>306,568</u>	<u>306,568</u>
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<u>\$ 6,217,182</u>	<u>\$ 13,656,582</u>	<u>\$ 39,189,234</u>
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ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

**RECONCILIATION OF FUND BALANCE ON THE BALANCE SHEET FOR GOVERNMENTAL FUNDS
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Fund Balance - Total Governmental Funds	\$ 306,568
Amounts available in the Capital Projects Funds that reduce the contract receivable on the government wide statements	(306,568)
Bond premium and discounts reported as other financing sources and uses in the fund statements reported on the government wide statements and amortized	51,356
Bond issuance costs reported as debt service costs in the fund statements reported as prepaid expenses on the government wide statements and amortized	109,468
Recording of prepaid items in the government wide statements reduces the contracts receivable from the local government units	(160,824)
Liabilities that are not payable in the current period and therefore not reported in the fund statements	
Bonds Payable	(38,840,600)
Accrued interest on bonds payable	(263,542)
Revenues that are deferred in the fund statements because the amounts are not available	
Lease revenue	38,840,600
Accrued interest on capital lease	<u>263,542</u>
Net Assets of governmental activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES- GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Debt Service			
	China/E. China WSS III Series 1999	Ira WSS VII 2003A Refunding	Clay WSS II-A Series 2000	Burtchville WSS IX 2004 Refunding
Revenues:				
Intergovernmental -				
Local	\$ -	\$ -	\$ -	\$ 3,127,131
Contract Revenue -				
Principal - capital lease	355,000	205,000	325,000	-
Interest - capital lease	180,813	148,416	245,569	-
Interest	-	-	-	-
Total Revenues	<u>535,813</u>	<u>353,416</u>	<u>570,569</u>	<u>3,127,131</u>
Expenditures:				
Debt Service -				
Principal retirement	355,000	205,000	325,000	-
Interest and fiscal charges	180,813	148,416	245,569	-
Professional fees	-	-	-	81,587
Capital Outlay	-	-	-	-
Total Expenditures	<u>535,813</u>	<u>353,416</u>	<u>570,569</u>	<u>81,587</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,045,544</u>
Other Financing Sources (Uses):				
Bond Proceeds	-	-	-	2,740,000
Bond premium	-	-	-	53,687
Bond discount	-	-	-	-
Transfer to escrow	-	-	-	(5,839,231)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,045,544)</u>
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-
Fund Balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

<u>Debt Service</u> <u>Algonac/Clay</u> <u>WSS X</u> <u>Series 1998</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ (139,398)	\$ 2,987,733
340,000	1,850,000	3,075,000
163,890	695,724	1,434,412
-	3,838	3,838
<u>503,890</u>	<u>2,410,164</u>	<u>7,500,983</u>
340,000	1,850,000	3,075,000
163,890	695,724	1,434,412
-	27,881	109,468
-	131,069	131,069
<u>503,890</u>	<u>2,704,674</u>	<u>4,749,949</u>
-	(294,510)	2,751,034
-	470,000	3,210,000
-	-	53,687
-	(2,331)	(2,331)
-	(439,788)	(6,279,019)
-	27,881	(3,017,663)
-	(266,629)	(266,629)
-	573,197	573,197
<u>\$ -</u>	<u>\$ 306,568</u>	<u>\$ 306,568</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balances - total governmental funds	\$ (266,629)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities these costs are reported as due from other governmental units involved since the capital assets have been sold under a capital lease	131,069
Refund of intergovernmental revenue - local is a reduction in revenue per the governmental funds, however an increase in due from other governmental units in the statement of net assets	139,398
Bond proceeds reported in the governmental funds as revenues, however, in the statement of activities increase the long-term liabilities	(3,210,000)
Repayment of bond principal reported as expenditures in the governmental funds, but reduce long-term liabilities in the statement of net assets	9,050,000
Interest reported in the governmental funds as it is paid but in the statement of activities as it is incurred	62,126
Revenues reported in the governmental funds when received, however in the statement of activities when earned	
Capital lease principle	(5,840,000)
Capital lease interest	(62,126)
Interest revenues reported in the governmental funds as revenues, however reduce the contracts receivable in the statement of activities	(3,838)
Bond premium and discount on bond issues reported as other financing sources and uses in the governmental funds and reported as prepaid in the government wide statements	51,356
Bond issuance costs reported as debt service costs in the governmental funds and reported as prepaid expense in the government wide statements	109,468
Recording of prepaid in the government wide statements reduces the intergovernmental - local revenue	(160,824)
Change in net assets of governmental activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004

	SDS I Waste Water Treatment Plant	DPW Revolving	Utility Operation & Maintenance Receiving	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 545,332	\$ 216,716	\$ 1,324,579	\$ 2,086,627
Accounts Receivable	-	-	18,763	18,763
Due from other governmental units	198,820	-	485,072	683,892
Due from other funds	-	16,906	-	16,906
Prepaid expense	5,500	-	14,476	19,976
Total Current Assets	<u>749,652</u>	<u>233,622</u>	<u>1,842,890</u>	<u>2,826,164</u>
Property, Plant and Equipment:				
Property, plant, utility system, and equipment	27,680,757	18,417	3,635,330	31,334,504
Less - accumulated depreciation	(11,414,118)	(6,811)	(1,281,053)	(12,701,982)
Total Property, Plant and Equipment net of accumulated depreciation	<u>16,266,639</u>	<u>11,606</u>	<u>2,354,277</u>	<u>18,632,522</u>
Other Assets:				
Advance to other component units	-	-	89,281	89,281
Total Assets	<u>\$ 17,016,291</u>	<u>\$ 245,228</u>	<u>\$ 4,286,448</u>	<u>\$ 21,547,967</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 17,953	\$ 724	\$ 254	\$ 18,931
Due to primary government	504	-	-	504
Due to other funds	10,939	-	5,967	16,906
Due to other governmental units	2,426	-	471,142	473,568
Due to other component units	43,975	36,629	918	81,522
Advances and deposits	115,416	149,107	-	264,523
Total Current Liabilities	<u>191,213</u>	<u>186,460</u>	<u>478,281</u>	<u>855,954</u>
NET ASSETS				
Restricted for-				
Equipment replacement	548,622	-	-	548,622
Unrestricted	16,276,456	58,768	3,808,167	20,143,391
Total Net Assets	<u>\$ 16,825,078</u>	<u>\$ 58,768</u>	<u>\$ 3,808,167</u>	<u>\$ 20,692,013</u>

The accompanying notes are an integral part of these financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	SDS I Waste Water Treatment Plant	DPW Revolving	Utility Operation & Maintenance Receiving	Total
Operating Revenues:				
Charges for services	\$ 581,305	\$ -	\$ 2,422,297	\$ 3,003,602
Licenses and permits	-	221,868	-	221,868
Total Operating Revenues	<u>581,305</u>	<u>221,868</u>	<u>2,422,297</u>	<u>3,225,470</u>
Operating Expenses:				
Personal services (contracted)	299,790	163,260	22,588	485,638
Repairs and maintenance	28,421	6,751	-	35,172
Supplies	59,629	3,091	-	62,720
Other services	193,465	12,816	2,333,214	2,539,495
Depreciation	502,287	2,078	58,231	562,596
Total Operating Expenses	<u>1,083,592</u>	<u>187,996</u>	<u>2,414,033</u>	<u>3,685,621</u>
Operating income (loss)	<u>(502,287)</u>	<u>33,872</u>	<u>8,264</u>	<u>(460,151)</u>
Non-Operating Revenues (Expenses):				
Service fees for equipment replacement	100,000	-	-	100,000
Interest earned	5,326	-	12,282	17,608
Loss on equipment disposal	<u>(4,757)</u>	<u>(1,907)</u>	<u>-</u>	<u>(6,664)</u>
Total Non-Operating Revenues (Expenses)	<u>100,569</u>	<u>(1,907)</u>	<u>12,282</u>	<u>110,944</u>
Operating income (loss) before capital contributions	<u>(401,718)</u>	<u>31,965</u>	<u>20,546</u>	<u>(349,207)</u>
Capital Contributions	<u>99,274</u>	<u>-</u>	<u>-</u>	<u>99,274</u>
Change in Net Assets	<u>(302,444)</u>	<u>31,965</u>	<u>20,546</u>	<u>(249,933)</u>
Net Assets at beginning of year	<u>17,127,522</u>	<u>26,803</u>	<u>3,787,621</u>	<u>20,941,946</u>
Net Assets at end of year	<u><u>\$ 16,825,078</u></u>	<u><u>\$ 58,768</u></u>	<u><u>\$ 3,808,167</u></u>	<u><u>\$ 20,692,013</u></u>

The accompanying notes are an integral part of these financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS

A Component Unit of St. Clair County, Michigan

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	SDS I Waste Water Treatment Plant	DPW Revolving	Utility Operation & Maintenance Receiving	Total
Cash Flow From Operating Activities:				
Receipts from customers and users	\$ 648,027	\$ 263,697	\$ 2,472,146	\$ 3,383,870
Cash received from interfund services	-	19,935	-	19,935
Cash payments for other component unit services	(275,054)	(180,009)	(7,036)	(462,099)
Cash payments for interfund services	(12,899)	-	(18,582)	(31,481)
Cash payments to suppliers and service providers	(281,275)	(13,095)	(2,336,050)	(2,630,420)
Net Cash Provided by Operating Activities	78,799	90,528	110,478	279,805
Cash Flow From Capital and Related Financing Activities:				
Acquisition and Construction of capital assets	(70,164)	(6,297)	(6,253)	(82,714)
Restricted revenue received	100,000	-	-	100,000
Net Cash Provided (Used) by Capital and Related Financing Activities	29,836	(6,297)	(6,253)	17,286
Cash Flow From Investing Activities:				
Interest earned	5,326	-	12,282	17,608
Net Increase in Cash and Cash Equivalents	113,961	84,231	116,507	314,699
Cash and Cash Equivalents at beginning of year	431,371	132,485	1,208,072	1,771,928
Cash and Cash Equivalents at end of year	\$ 545,332	\$ 216,716	\$ 1,324,579	\$ 2,086,627
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss) for the year	\$(502,287)	\$ 33,872	\$ 8,264	\$(460,151)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities -				
Depreciation	502,287	2,078	58,231	562,596
Changes in assets and liabilities -				
Receivables	-	-	68,683	68,683
Due from other governmental units	66,722	-	(18,834)	47,888
Due from other funds	-	3,029	-	3,029
Prepaid expense	(5,151)	-	(14,476)	(19,627)
Accounts payable	(1,623)	(193)	(1,353)	(3,169)
Due to primary government	504	-	-	504
Due to other governmental units	91	(1,400)	12,285	10,976
Due to other funds	(1,960)	-	(1,069)	(3,029)
Due to other component units	20,216	11,313	(1,253)	30,276
Advances and deposits	-	41,829	-	41,829
Net Cash Provided by Operating Activities	\$ 78,799	\$ 90,528	\$ 110,478	\$ 279,805
Supplemental Disclosure of Cash Flow from Capital and Related Financing Activities - Capital Contributions	\$ 99,274	\$ -	\$ -	\$ 99,274

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the St. Clair County Department of Public Works (DPW), a component unit of the County of St. Clair, Michigan, have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental entities. The more significant accounting policies are described as follows:

A. Description of Department of Public Works Operations –

The St. Clair County Department of Public Works (DPW) is a component unit of St. Clair County, Michigan, and operates under an appointed Board which consists of three (3) members, who establish policies and review operations of the DPW for the County Board of Commissioners. The DPW has the responsibility of administering the various Public Works Projects Construction and Debt Service Funds under the provisions of Act 185, Public Acts of 1957, as amended, as well as the DPW Revolving, Utility Operation and Maintenance Receiving, and Waste Water Treatment Plant Funds. When the DPW is included in the County's Comprehensive Annual Report in compliance with GASB Statement 14, the financial statements are included as a discretely presented component unit.

B. Government-Wide and Fund Financial Statements –

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all the activities of the Department of Public Works. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from the services provided by a given function or segment and 2) contributions that are restricted to meeting the obligations of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation –

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grant and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd):

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The DPW reports the following major governmental funds:

- I. The debt service fund (WSS III Series 1999) was established to account for the debt service requirements on the environmental quality bonds sold to finance the construction of Water Supply System No. III Water Plant for China and East China Townships.
- II. The debt service fund (WSS VII 2003A Refunding) was established to account for the debt service requirements on the bonds sold to refinance the construction of the 1994 extension of Water Supply System VII in Ira Township.
- III. The debt service fund (WSS IIA Series 2000) was established to account for the debt service requirements on the bonds sold to finance the construction of the Harsens Island extension of Water Supply System No. IIA.
- IV. The debt service fund (WSS IX 2004 Refunding) was established to account for the debt service requirements on the bonds sold to refinance the construction of the 1996 extension of the Water Supply System No IX in Burtchville Township.
- V. The debt service fund (WSS X Series 1998) was established to account for the debt service requirements on the bonds sold to refinance the construction of Water Supply System No. X in the City of Algonac and Clay Township.

The DPW reports the following major proprietary funds:

- I. The Waste Water Treatment Plant fund accounts for the operations of the SDSI Wastewater Treatment Plant that provides sewage collection and treatment for residents in Clay and Ira Townships and City of Algonac.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd):

- II. The utility operations and maintenance receiving fund accounts for the collection and payment of water and sewer service fees for various governmental units and corporations and for the water and sewer operations of the St. Clair County Air Industrial Park.
- III. The revolving fund (general fund) accounts for the administration of the various DPW projects and Soil Erosion and Sedimentation Enforcement and all financial resources of the DPW not required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Department of Public Works has elected not to follow subsequent private-sector guidance.

D. Assets, Liabilities, and Fund Balance or Net Assets –

Cash and Cash Equivalents – The Department of Public Works' cash and cash equivalents represent cash on hand, demand deposits and pooled investment funds recorded at cost, which approximates fair value.

Capital Assets – Capital assets which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the DPW as assets with an estimated useful life in excess of one year and a purchase price greater than \$1,000. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Plant	50 years
Sewer mains and extensions	60 years
Machinery and equipment	5 – 20 years
Site Development	20 – 50 years

Deferred Revenues – In both the government-wide and the fund financial statements revenue received or recorded before earned is recorded as deferred revenue. In addition, in the fund statements revenues that are not both measurable and available are recorded as deferred revenues.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

Administrative and Operational Staffing – The DPW does not have an administrative building or employees of its own. All administration is contracted through the St. Clair County Road Commission, a component unit of St. Clair County, Michigan. The employees that operate the Wastewater Treatment Plant are also employees of the Road Commission. The DPW reimburses the Road Commission for all wages and fringes at cost as well as indirect costs related to the services provided.

Long-Term Obligations – In the government-wide financial statements (statement of net assets), long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. As permitted by GASB Statement No. 34, the Department of Public Works has elected to apply the provisions related to bond premiums, discounts, and issuance costs on a prospective basis.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Estimates - In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The governmental fund balance sheet includes a reconciliation between *fund balances of governmental funds* and *net assets of governmental activities* as reported in the government-wide statement of net assets. This reconciliation is reported on page 14 of the basic financial statements.

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *net changes in fund balances of total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. This reconciliation is reported on page 17 of the basic financial statements.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

DPW Project Administration

As administrator of construction projects and debt service funds under the provision of Act 185, Public Acts of 1957, as amended, the Department of Public Works contracts with financial consultants and bond council whenever bonds are sold to help assure compliance with the State and Federal requirements relating to bond sales.

As administrator and operator of the Wastewater Treatment Plant, the Department of Public Works implements those requirements mandated by the various regulating agencies so that the plant is in operational compliance.

NOTE 4 - DEPOSITS AND INVESTMENTS:

Deposits -

As a component unit of St. Clair County, all the DPW cash and cash equivalents are a part of the accounts of St. Clair County and maintained at banking institutions insured by federal depository insurance.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

The DPW deposits consist of demand accounts. At December 31, 2004, the carrying amount is \$216,566 and the bank balance is \$223,491. However, since the amount is part of the County total cash, it cannot be determined to what extent the FDIC insurance applies to the DPW balance.

Investments –

The DPW at December 31, 2004 held \$2,218,520 in financial institution investment pools that are not evidenced by securities that exist in physical or book entry form. The investment pool accounts are registered with the Securities and Exchange Commission and the fair value of the County's portion in the investment pools is the same as the value of the investment pool shares.

The investment pools have been reported in the financial statements as a cash equivalent because they have the general characteristics of demand deposit accounts in that the County may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty. The investment pools are recorded at cost which approximates fair value.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (cont'd):

The following is a summary of the financial statement presentation of Deposits and Investments at December 31, 2004:

	<u>Financial Reporting – Cash and Equivalents</u>		
	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
Deposits	\$ 216,566	\$ 216,566	\$ -
Investments	<u>2,218,520</u>	<u>1,694,898</u>	<u>523,622</u>
	<u>\$ 2,435,086</u>	<u>\$ 1,911,464</u>	<u>\$ 523,622</u>

Also included in the caption cash and cash equivalents is \$175 in petty cash.

NOTE 5 – CAPITAL LEASES RECEIVABLE:

The DPW (County) has entered into a number of capital lease agreements with various municipalities within the County. Under the agreements, the DPW (County) issued bonds or obtained loans that were used for the construction of water and/or sewage disposal systems. The municipalities agreed to pay the DPW (County) the amount necessary to pay the principal, interest and paying agent fees as they come due. Upon final payment of the respective bond issue or loans, ownership of the system will revert to the respective municipality.

The future minimum lease payments to be received are as follows:

	<u>Principal</u>	<u>Interest</u>
2005	\$ 2,580,000	\$ 1,364,082
2006	2,445,000	1,284,391
2007	2,495,000	1,207,004
2008	2,620,000	1,132,581
2009	2,740,000	1,047,018
2010-2014	13,260,000	3,852,881
2015-2019	10,920,600	1,683,055
2020-2024	<u>1,780,000</u>	<u>164,619</u>
	<u>\$ 38,840,600</u>	<u>\$11,735,631</u>

The aggregate future capital lease payments necessary for the retirement of the debt principal and accrued interest payable at December 31, 2004 have been reported net of available cash as a capital lease receivable.

Principal due	\$ 38,840,600
Accrued interest	<u>263,542</u>
	39,104,142
Less -	
Cash available after	
current liabilities	(348,634)
Prepaid expense	<u>(160,824)</u>
	<u>\$ 38,594,684</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 5 – CAPITAL LEASES RECEIVABLE – (cont'd):

Governmental funds report deferred revenue in connection with receivables that are not considered to be available. On this basis, the principle amount of \$38,840,600 is deferred on the fund statements. The revenue is recognized on the government-wide statements.

NOTE 6 – CAPITAL ASSETS:

Capital assets activity for the current year was as follows:

	Balance January 1, 2004	Additions	Adjustments	Balance December 31, 2004
Business type activities:				
Capital assets, not being depreciated –				
Land	\$ 705,522	\$ -	\$ -	\$ 705,522
Construction in progress	<u>2,797,246</u>	<u>-</u>	<u>(2,797,246)</u>	<u>-</u>
	<u>3,502,768</u>	<u>-</u>	<u>(2,797,246)</u>	<u>705,522</u>
Capital assets being depreciated –				
Plant	7,706,599	2,896,520	-	10,603,119
Utility System	18,678,054	-	-	18,678,054
Machinery and equipment	1,018,467	76,461	(35,986)	1,058,942
Site Development	<u>282,614</u>	<u>6,253</u>	<u>-</u>	<u>288,867</u>
	<u>27,685,734</u>	<u>2,979,234</u>	<u>(35,986)</u>	<u>30,628,982</u>
Less – accumulated depreciation for –				
Site Development	69,270	13,182	-	82,452
Plant	3,379,279	183,097	-	3,562,376
Utility system	8,127,543	311,301	-	8,438,844
Machinery and equipment	<u>592,616</u>	<u>55,016</u>	<u>(29,322)</u>	<u>618,310</u>
	<u>12,168,708</u>	<u>562,596</u>	<u>(29,322)</u>	<u>12,701,982</u>
Total Capital Assets, being depreciated, net	<u>15,517,026</u>	<u>2,416,638</u>	<u>(6,664)</u>	<u>17,927,000</u>
Business type activities capital assets, net	<u>\$ 19,019,794</u>	<u>\$2,416,638</u>	<u>(\$2,803,910)</u>	<u>\$18,632,522</u>

Depreciation expense was charged to function/programs as follows:

Business type activities –	
Water and Sewer	<u>\$ 562,596</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 7 – INTERFUND TRANSACTIONS:

Due from and due to other funds reported on the Statement of Net Assets for the proprietary funds reflect amounts due from or due to a particular proprietary fund by another proprietary fund of the Department of Public Works. These amounts include any short-term obligations on open accounts and not current portions of long-term loans.

The summary of these balances by fund at December 31, 2004, is listed as follows:

Fund	<u>Due From</u>	<u>Due To</u>
DPW Revolving –		
Utility Operation and Maintenance Receiving	\$ 5,967	\$ -
SDS I Wastewater Treatment Plant	10,939	-
Utility Operation and Maintenance Receiving –		
DPW Revolving	-	5,967
SDSI Wastewater Treatment Plant –		
DPW Revolving	<u>-</u>	<u>10,939</u>
	<u>\$ 16,906</u>	<u>\$ 16,906</u>

The advance to other component units reported on the Statement of Net Assets for the Proprietary Funds in the amount of \$89,281 at December 31, 2004, represents funds provided the St. Clair County International Airport Commission, a component unit of St. Clair County for development of the Air Industrial Park. The advance is to be paid back once revenue from rentals is sufficient to provide the available funds or specifically from the proceeds derived from the sale of a building in the Air Industrial Park owned by the International Airport Commission.

NOTE 8 – LONG-TERM DEBT:

The following is a summary of changes in the long-term debt (including current portions) for the year ended December 31, 2004.

	Balance January 1, 2004	<u>Additions</u>	<u>Reductions</u>	Balance December 31, 2004	Due Within One Year
General Obligation Bonds	\$ 29,015,000	\$ 3,210,000	\$ 8,190,000	\$ 24,035,000	\$ 2,005,000
Drinking Water Revolving Loans	13,965,600	-	695,000	13,270,600	710,000
Revolving loans	<u>1,700,000</u>	<u>-</u>	<u>165,000</u>	<u>1,535,000</u>	<u>165,000</u>
	<u>\$ 44,680,600</u>	<u>\$ 3,210,000</u>	<u>\$ 9,050,000</u>	<u>\$ 38,840,600</u>	<u>\$ 2,880,000</u>
Deferred amounts for:					
Issuance discounts	-	(2,331)	-	(2,331)	-
Issuance premiums	<u>-</u>	<u>53,687</u>	<u>-</u>	<u>53,687</u>	<u>-</u>
	<u>\$ 44,680,600</u>	<u>\$ 3,261,356</u>	<u>\$ 9,050,000</u>	<u>\$ 38,891,956</u>	<u>\$ 2,880,000</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – LONG-TERM DEBT – (cont'd):

General Obligation Bonds

General Obligation Bonds have been issued by the County to construct several water supply and sewage disposal systems for various townships, villages and cities in the County. The County in turn is leasing the systems to the various municipalities who operate, maintain and manage the systems. The bonds were sold with the full faith and credit of the Townships, Villages, Cities, and County pursuant to Act 185, Public Acts of Michigan, 1957, as amended. The original amount of the general obligation bonds issued in prior years was \$26,530,000.

The principle and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works pursuant to the lease agreements. Upon final payment of the bond issues, ownership of the systems revert to the Townships, Villages or Cities. General Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	3.375 – 7.10	\$ 13,155,000
Governmental activities – refunding	1.50 – 6.90	<u>10,880,000</u>
		<u>\$ 24,035,000</u>

On July 1, 1989, St. Clair County through the Department of Public Works issued \$2,365,000 in SDS No. III Refunding General Obligation Bonds to advance refund the 1985 SDS No. III General Obligation Bonds totaling \$2,150,000.

On March 1, 1999, St. Clair County through the Department of Public Works issued \$1,485,000 in WSS No. IIA Refunding General Obligation Bonds to partially advance refund the 1991 WSS No. II General Obligation Bonds totaling \$1,565,000.

On May 28, 2003, St. Clair County through the Department of Public Works issued \$4,520,000 and \$2,045,000 in WSS VII Refunding Series 2003A and 2003B Bonds, respectively to advance refund the 1994 WSSVII General Obligation Bonds and to partially advance refund the 1995 WSSVII General Obligation Bonds, respectively.

The proceeds from the refunding issues, after payment of issuance costs, were placed in special escrow accounts and invested in securities of the U.S. Government and its agencies. The maturities of these investments coincide with the principal and interest payments on the extinguished debts and are sufficient to pay all principal and interest when due. Accordingly, the trust account assets and liabilities for the defeased bonds outstanding are not included in the DPW Financial Statements. At December 31, 2004 the bonds outstanding of \$320,000, \$1,265,000, \$4,200,000, and \$1,895,000, respectively are considered defeased.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – LONG-TERM DEBT – (cont’d):

On February 10, 2004, St. Clair County through the Department of Public Works issued \$2,740,000 WSSIX 2004 Refunding Bonds to partially advance refund the WSSIX Series 1996 and Series 1998 Bonds in the amounts of \$4,700,000 and \$850,000 respectively.

The WSSIX 2004 Refunding Bonds were issued net of a premium of \$53,687 and an underwriters discount of \$27,400 in the amount of \$2,766,288. After paying \$42,944 for bond issuance and \$11,243 for insurance costs, the net proceeds amounted to \$2,712,101. The net proceeds along with a contribution of \$3,127,131 from Burtchville Township were used to purchase U.S. Treasury Obligations in the amount of \$5,839,231 and to make an initial cash deposit to the escrow account of \$400.

As a result of the advance refunding, the Department of Public Works reduced the total debt service requirements by \$1,027,289 for the 1996 series and \$188,022 for the 1998 series. This resulted in an economic gain (difference between the present value of the old and new debt) of \$365,310 and \$73,294, respectively.

On May 18, 2004, St. Clair County through the Department of Public Work issued \$470,000 SDSX 2004 Refunding Bonds to advance refund SDXX series 1991B in the amount of \$465,000.

The SDSX 2004 Refunding Bonds were issued net of an original issue discount of \$2,331 and an underwriters discount of \$7,050 in the amount of \$460,619. After paying \$20,831 for bond issuance costs, the net proceeds amounted to \$439,788. The net proceeds were used to purchase U.S. Treasury Obligations in the amount of \$439,788.

As a result of advance refunding, the Department of Public Works reduced the total debt service requirements by \$28,109. This resulted in an economic gain (difference between the present value of the old and new debt) of \$26,036.

Drinking Water Revolving Loans

Department of Environmental Quality Bonds have been sold through the State of Michigan Drinking Water Revolving Fund to construct water supply systems for three (3) Townships and a City in the County. The County in turn is leasing the systems to the townships and city who operate, maintain and manage the systems. The full faith and credit of the Townships, City and County are pledged for the payments to the Drinking Water Revolving Fund. The original amount of the drinking water revolving fund loans drawn in prior years was \$16,255,600.

The principle and interest on the bonds are to be paid out of money received from the various municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the loans, ownerships of the systems revert to the Townships or City. Drinking Water Revolving Loans outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.5%	\$ 13,270,600

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – LONG-TERM DEBT – (cont'd):

State of Michigan Clean Water Revolving Loans

State of Michigan Clean Water Revolving Loans have been obtained to construct sewage disposal systems of a Village and City in the County. The County in turn is leasing the systems to the municipalities who operate, maintain and manage the systems. The loans are backed by the full faith and credit of the Village, City and County pursuant to Act 185, Public Act of Michigan 1957, as amended. The original amount of the State of Michigan Clean Water Revolving Loans issued in prior years was \$3,236,961.

The principal and interest are to be paid out of money received from the Village and City by the Board of Public Works pursuant to the lease agreement. Upon final payment of the loans, ownership of the systems revert to the Village or City. State of Michigan Clean Water Revolving Loans currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	
Governmental activities	2.00%	\$ 1,535,000

Annual debt service requirements to maturities for general obligation bonds and loans are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>General Obligation Bonds</u>		<u>Drinking Water</u> <u>Revolving Loans</u>		<u>Clean Water</u> <u>Revolving Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 1,705,000	\$ 966,178	\$ 710,000	\$ 367,204	\$ 165,000	\$ 30,700
2006	1,550,000	907,600	725,000	349,391	170,000	27,400
2007	1,580,000	851,863	745,000	331,141	170,000	24,000
2008	1,670,000	794,653	770,000	317,328	180,000	20,600
2009	1,775,000	732,003	785,000	298,015	180,000	17,000
2010-2014	8,370,000	2,621,364	4,220,000	1,199,517	670,000	32,000
2015-2019	6,135,000	1,017,352	4,785,600	665,703	-	-
2020-2024	<u>1,250,000</u>	<u>97,994</u>	<u>530,000</u>	<u>66,625</u>	<u>-</u>	<u>-</u>
	<u>\$24,035,000</u>	<u>\$ 7,989,007</u>	<u>\$13,270,600</u>	<u>\$3,594,924</u>	<u>\$ 1,535,000</u>	<u>\$ 151,700</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – LONG-TERM DEBT – (cont’d):

Purpose	Interest Rate	
	<u>(Percent)</u>	
Governmental Activities (G.O. Bonds) -		
Sewage Disposal Systems No. V Series 1993 Bonds (St. Clair Township)	5.40-6.00	\$ 430,000
Water Supply System No. VI Series 1990 Bonds (Kimball Township)	7.00-7.10	275,000
Sewage Disposal System No. X – Series 2000 Bonds (Village of Capac)	5.00-5.55	690,000
Water Supply System No. IX – Series 2000 Bonds (Burtchville Township)	4.50-6.00	1,950,000
Sewage Disposal System No. I – Series 1999 Bonds (City of Algonac/Clay and Ira Townships)	5.00-5.125	1,700,000
Water Supply System No. II-A Series 2001 Bonds (Clay Township)	4.00-5.00	5,200,000
Sewage Disposal System No. I – Series 2003 Bonds (City of Algonac/Clay and Ira Townships)	3.375-4.60	<u>2,910,000</u>
		<u>\$ 13,155,000</u>
Governmental Activities (G.O. Refunding) -		
Sewage Disposal System III 1989 Refunding Bonds (Charter Township of East China and China)	6.90	\$ 160,000
Water Supply System No. IIA – 1999 Refunding Bonds (Clay Township)	3.85-4.90	1,175,000
Water Supply System VII – 2003 A Refunding Bonds (Ira Township)	2.00-4.125	4,315,000
Water Supply System VII – 2003 B Refunding Bonds (Ira Township)	2.00-3.80	2,020,000
Sewage Disposal System X – 2004 Refunding Bonds (Village of Capac)	2.00-3.75	470,000
Water Supply System IX – 2004 Refunding Bonds (Burtchville Township)	1.50-3.60	<u>2,740,000</u>
		<u>\$10,880,000</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 8 – LONG-TERM DEBT – (cont'd):

Purpose	<u>Interest Rate</u>	
Governmental Activities (Revolving Loans) –		
Water Supply System X Series 1999 (City of Algonac/Clay Township)	2.5	\$ 6,215,600
Water Supply System III Series 1999 (Charter Townships of East China and China)	2.5	7,055,000
Sewage Disposal System XI Series 1993 (City of Yale)	2.0	1,240,000
Sewage Disposal System No. X Series 1999 (Village of Capac)	2.0	<u>295,000</u>
		<u>\$14,805,600</u>

NOTE 9 - DEPOSITS:

The deposit balance of \$264,523 represents money deposited by Clay and Ira Townships and the City of Algonac to provide operating cash for the Wastewater Treatment Plant and money deposited by individuals and corporations, to be held in escrow during the inspection of property under Soil Erosion and Sedimentation requirements. The deposit balance is summarized as follows:

Operational Deposits –	
Clay Township	\$ 42,080
Ira Township	30,520
City of Algonac	<u>42,816</u>
	115,416
Escrow Deposits –	
Soil Erosion and Sedimentation	<u>149,107</u>
	<u>\$ 264,523</u>

NOTE 10 – RISK MANAGEMENT:

The Department of Public Works, through the St. Clair County Road Commission, is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorizes contracts between municipal corporations (inter-local agreements) to form group self-insurance pools, and to prescribe conditions to the performance of these contracts.

The Michigan County Road Commission Self-Insurance Pool was established for the purpose of making a self-insurance pooling program, which includes, but is not limited to, general liability coverages, auto liability coverages, property insurance coverages, stop-loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 10 – RISK MANAGEMENT – (cont’d):

In conjunction with the St. Clair County Road Commission, the Department of Public Works pays an annual premium to the Pool for property (buildings and grounds) coverage and errors or omissions liability. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board.

The Department of Public Works’ commercial insurance for general liability and automobile liability is covered in conjunction with the primary government, St. Clair County, Michigan, which is a voluntary member of the Michigan Risk Management Authority.

NOTE 11 – DESIGNATED FUND BALANCE:

In the fund financial statements, designation of fund balance in governmental funds represents tentative management plans that are subject to change. The designated fund balance in the Capital Projects Funds represents funds available after current liabilities related to the construction have been met that would have been received either through bond or loan proceeds, interest on investments or municipal contributions. The board designates this amount to either be used to complete the construction project or to be used for debt service on the corresponding bond or loan payable.

SUPPLEMENTARY INFORMATION

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

COMBINING BALANCE SHEET - NON-MAJOR FUNDS
DECEMBER 31, 2004

	Debt Service				
	China/E. China SDS III 1989 Refunding	Algonac SDS I	St. Clair SDS V Series 1993	Clay/Ira SDS I Series II	Ira WSS VII 2003B Refunding
ASSETS					
Cash and cash equivalents	\$ 457	\$ 2,024	\$ 1,507	\$ 1,651	\$ 4,166
Contracts receivable - capital lease	<u>160,000</u>	<u>-</u>	<u>430,000</u>	<u>-</u>	<u>2,020,000</u>
Total Assets	<u><u>\$ 160,457</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 431,507</u></u>	<u><u>\$ 1,651</u></u>	<u><u>\$ 2,024,166</u></u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other governmental units	\$ 457	\$ 2,024	\$ 1,507	\$ 1,651	\$ 4,166
Deferred revenue	<u>160,000</u>	<u>-</u>	<u>430,000</u>	<u>-</u>	<u>2,020,000</u>
Total Liabilities	<u><u>160,457</u></u>	<u><u>2,024</u></u>	<u><u>431,507</u></u>	<u><u>1,651</u></u>	<u><u>2,024,166</u></u>
Fund Balances:					
Unreserved - Designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 160,457</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 431,507</u></u>	<u><u>\$ 1,651</u></u>	<u><u>\$ 2,024,166</u></u>

Debt Service

Clay WSS II-A Series 1992	Clay WSS II-A 1999 Refunding	Kimball WSS VI Series 1990	Capac SDS X 2004 Refunding	Capac SDS X Series 2000	Yale SDS XI Series 1992	Yale SDS XI Series 1993	Burtchville WSS IX Series 1996
\$ -	\$ 187	\$ 1,067	\$ 821	\$ 65	\$ 1	\$ 6,672	\$ 7,224
-	1,175,000	275,000	765,000	690,000	-	1,240,000	-
<u>\$ -</u>	<u>\$ 1,175,187</u>	<u>\$ 276,067</u>	<u>\$ 765,821</u>	<u>\$ 690,065</u>	<u>\$ 1</u>	<u>\$ 1,246,672</u>	<u>\$ 7,224</u>
\$ -	\$ 187	\$ 1,067	\$ 821	\$ 65	\$ 1	\$ 6,672	\$ 7,224
-	1,175,000	275,000	765,000	690,000	-	1,240,000	-
-	1,175,187	276,067	765,821	690,065	1	1,246,672	7,224
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,175,187</u>	<u>\$ 276,067</u>	<u>\$ 765,821</u>	<u>\$ 690,065</u>	<u>\$ 1</u>	<u>\$ 1,246,672</u>	<u>\$ 7,224</u>

Continued

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
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COMBINING BALANCE SHEET - NON-MAJOR FUNDS
DECEMBER 31, 2004

	Debt Service				Capital Projects	
	Burtchville	Burtchville	Algonac/Clay/Ira		Algonac	
	WSS IX	WSS IX	SDS	SDS I	Clay/Ira	Algonac/Clay
	Series 1998	Series 2000	Series 1999	Series 2003	SDS I 1999	WSS X
ASSETS						
Cash and cash equivalents	\$ 90	\$ 760	\$ 644	\$ 7,678	\$ -	\$ 4,576
Contracts receivable	-	1,950,000	1,700,000	2,910,000	-	-
Total Assets	<u>\$ 90</u>	<u>\$ 1,950,760</u>	<u>\$ 1,700,644</u>	<u>\$ 2,917,678</u>	<u>\$ -</u>	<u>\$ 4,576</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other						
governmental units	\$ 90	\$ 760	\$ 644	\$ 7,678	\$ -	\$ -
Deferred revenue	-	1,950,000	1,700,000	2,910,000	-	-
Total Liabilities	<u>90</u>	<u>1,950,760</u>	<u>1,700,644</u>	<u>2,917,678</u>	<u>-</u>	<u>-</u>
Fund Balances:						
Unreserved -						
Designated	-	-	-	-	-	4,576
Total Liabilities and Fund						
Total Liabilities and Fund Balance	<u>\$ 90</u>	<u>\$ 1,950,760</u>	<u>\$ 1,700,644</u>	<u>\$ 2,917,678</u>	<u>\$ -</u>	<u>\$ 4,576</u>

Capital Projects					
China East China WSS III	Capac SDS X	Clay WSS IIA	Burtchville WSS IX	Algonac Clay/Ira SDS I 2003	Total
\$ 2,128	\$ 90,794	\$ 98,444	\$ 22,046	\$ 88,580	\$ 341,582
-	-	-	-	-	13,315,000
<u>\$ 2,128</u>	<u>\$ 90,794</u>	<u>\$ 98,444</u>	<u>\$ 22,046</u>	<u>\$ 88,580</u>	<u>\$ 13,656,582</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,014
-	-	-	-	-	13,315,000
-	-	-	-	-	13,350,014
<u>2,128</u>	<u>90,794</u>	<u>98,444</u>	<u>22,046</u>	<u>88,580</u>	<u>306,568</u>
<u>\$ 2,128</u>	<u>\$ 90,794</u>	<u>\$ 98,444</u>	<u>\$ 22,046</u>	<u>\$ 88,580</u>	<u>\$ 13,656,582</u>

Concluded

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Debt Service				
	China/E. China SDS III 1989 Refunding	Algonac SDS I	St. Clair SDS V Series 1993	Clay/Ira SDS I Series II	Ira WSS VII 2003B Refunding
Revenues:					
Intergovernmental -					
Local (Refund)	\$ -	\$ -	\$ -	\$ -	\$ -
Contract Revenue -					
Principal - capital lease	160,000	140,000	40,000	-	150,000
Interest - capital lease	17,440	3,150	26,360	-	65,548
Interest earned	-	-	-	-	-
Total Revenues	<u>177,440</u>	<u>143,150</u>	<u>66,360</u>	<u>-</u>	<u>215,548</u>
Expenditures:					
Debt Service -					
Principal retirement	160,000	140,000	40,000	-	150,000
Interest and fiscal charges	17,440	3,150	26,360	-	65,548
Professional fees	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>177,440</u>	<u>143,150</u>	<u>66,360</u>	<u>-</u>	<u>215,548</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):					
Bond proceeds	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond discoun	-	-	-	-	-
Transfer to escrow	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	-	-	-	-	-
Fund Balances at beginning of year	-	-	-	-	-
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Debt Service

Clay WSS II-A Series 1992	Clay WSS II-A 1999 Refunding	Kimball WSS VI Series 1990	Capac SDS X 2004 Refunding	Capac SDS X Series 2000	Yale SDS XI Series 1992	Yale SDS XI Series 1993	Burtchville WSS IX Series 1996
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
200,000	90,000	55,000	80,000	25,000	125,000	125,000	300,000
14,340	55,613	21,585	29,718	37,465	9,638	27,300	68,435
-	-	-	-	-	-	-	-
<u>214,340</u>	<u>145,613</u>	<u>76,585</u>	<u>109,718</u>	<u>62,465</u>	<u>134,638</u>	<u>152,300</u>	<u>368,435</u>
200,000	90,000	55,000	80,000	25,000	125,000	125,000	300,000
14,340	55,613	21,585	29,718	37,465	9,638	27,300	68,435
-	-	-	27,881	-	-	-	-
-	-	-	-	-	-	-	-
<u>214,340</u>	<u>145,613</u>	<u>76,585</u>	<u>137,599</u>	<u>62,465</u>	<u>134,638</u>	<u>152,300</u>	<u>368,435</u>
-	-	-	(27,881)	-	-	-	-
-	-	-	470,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	(2,331)	-	-	-	-
-	-	-	(439,788)	-	-	-	-
-	-	-	27,881	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NON-MAJOR FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Debt Service				Capital Projects	
	Burtchville WSS IX Series 1998	Burtchville WSS IX Series 2000	Algonac/Clay/Ira		Algonac Clay/Ira SDS I 1999	Algonac/Clay WSS X
			SDS Series 1999	SDS I Series 2003		
Revenues:						
Intergovernmental -						
Local	\$ -	\$ -	\$ -	\$ -	\$(139,398)	\$ -
Contract Revenue -						
Principal - capital lease	25,000	75,000	170,000	90,000	-	-
Interest - capital lease	8,515	104,038	90,113	116,466	-	-
Interest earned	-	-	-	-	451	48
Total Revenues	<u>33,515</u>	<u>179,038</u>	<u>260,113</u>	<u>206,466</u>	<u>(138,947)</u>	<u>48</u>
Expenditures:						
Debt Service -						
Principal retirement	25,000	75,000	170,000	90,000	-	-
Interest and fiscal charges	8,515	104,038	90,113	116,466	-	-
Professional fees	-	-	-	-	-	-
Capital Outlay	-	-	-	-	426	649
Total Expenditures	<u>33,515</u>	<u>179,038</u>	<u>260,113</u>	<u>206,466</u>	<u>426</u>	<u>649</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,373)</u>	<u>(601)</u>
Other Financing Sources (Uses):						
Bond proceeds	-	-	-	-	-	-
Bond premium	-	-	-	-	-	-
Bond discoun	-	-	-	-	-	-
Transfer to escrow	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,373)</u>	<u>(601)</u>
Fund Balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,373</u>	<u>5,177</u>
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,576</u>

Capital Projects

China East China WSS III	Capac SDS X	Clay WSS IIA	Burtchville WSS IX	Algonac Clay/Ira SDS I 2003	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ (139,398)
-	-	-	-	-	1,850,000
-	-	-	-	-	695,724
24	915	1,052	326	1,022	3,838
24	915	1,052	326	1,022	2,410,164
-	-	-	-	-	1,850,000
-	-	-	-	-	695,724
-	-	-	-	-	27,881
646	617	14,397	12,825	101,509	131,069
646	617	14,397	12,825	101,509	2,704,674
(622)	298	(13,345)	(12,499)	(100,487)	(294,510)
-	-	-	-	-	470,000
-	-	-	-	-	-
-	-	-	-	-	(2,331)
-	-	-	-	-	(439,788)
-	-	-	-	-	27,881
(622)	298	(13,345)	(12,499)	(100,487)	(266,629)
2,750	90,496	111,789	34,545	189,067	573,197
\$ 2,128	\$ 90,794	\$ 98,444	\$ 22,046	\$ 88,580	\$ 306,568

Concluded

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

BALANCE SHEETS - DEBT SERVICE FUNDS
DECEMBER 31, 2004

	China/E. China SDS III 1989 Refunding	China/E. China WSS III Series 1999	Algonac SDS I	St. Clair SDS V Series 1993
ASSETS				
Cash and cash equivalents	\$ 457	\$ 606	\$ 2,024	\$ 1,507
Contracts receivable - capital lease	<u>160,000</u>	<u>7,055,000</u>	<u>-</u>	<u>430,000</u>
Total Assets	<u><u>\$ 160,457</u></u>	<u><u>\$ 7,055,606</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 431,507</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governmental units	\$ 457	\$ 606	\$ 2,024	\$ 1,507
Deferred revenue - capital lease	<u>160,000</u>	<u>7,055,000</u>	<u>-</u>	<u>430,000</u>
Total Liabilities	<u><u>160,457</u></u>	<u><u>7,055,606</u></u>	<u><u>2,024</u></u>	<u><u>431,507</u></u>
Fund Balances:				
Unreserved -				
Designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u><u>\$ 160,457</u></u>	<u><u>\$ 7,055,606</u></u>	<u><u>\$ 2,024</u></u>	<u><u>\$ 431,507</u></u>

<u>Clay/Ira SDS I Series II</u>	<u>Ira WSS VII 2003A Refunding</u>	<u>Ira WSS VII 2003B Refunding</u>	<u>Clay WSS II-A Series 1992</u>	<u>Clay WSS II-A 1999 Refunding</u>	<u>Clay WSS II-A Series 2000</u>	<u>Kimball WSS VI Series 1990</u>
\$ 1,651	\$ 3,735	\$ 4,166	\$ -	\$ 187	\$ 1,129	\$ 1,067
-	4,315,000	2,020,000	-	1,175,000	5,200,000	275,000
<u>\$ 1,651</u>	<u>\$ 4,318,735</u>	<u>\$ 2,024,166</u>	<u>\$ -</u>	<u>\$ 1,175,187</u>	<u>\$ 5,201,129</u>	<u>\$ 276,067</u>
\$ 1,651	\$ 3,735	\$ 4,166	\$ -	\$ 187	\$ 1,129	\$ 1,067
-	4,315,000	2,020,000	-	1,175,000	5,200,000	275,000
<u>1,651</u>	<u>4,318,735</u>	<u>2,024,166</u>	<u>-</u>	<u>1,175,187</u>	<u>5,201,129</u>	<u>276,067</u>
-	-	-	-	-	-	-
<u>\$ 1,651</u>	<u>\$ 4,318,735</u>	<u>\$ 2,024,166</u>	<u>\$ -</u>	<u>\$ 1,175,187</u>	<u>\$ 5,201,129</u>	<u>\$ 276,067</u>

Continued

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

BALANCE SHEETS - DEBT SERVICE FUNDS
DECEMBER 31, 2004

	Capac SDS X <u>2004 Refunding</u>	Capac SDS X <u>Series 2000</u>	Yale SDS XI <u>Series 1992</u>	Yale SDS XI <u>Series 1993</u>
ASSETS				
Cash and cash equivalents	\$ 821	\$ 65	\$ 1	\$ 6,672
Contracts receivable	<u>765,000</u>	<u>690,000</u>	<u>-</u>	<u>1,240,000</u>
Total Assets	<u><u>\$ 765,821</u></u>	<u><u>\$ 690,065</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1,246,672</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Due to other governmental units	\$ 821	\$ 65	\$ 1	\$ 6,672
Deferred revenue	<u>765,000</u>	<u>690,000</u>	<u>-</u>	<u>1,240,000</u>
Total Liabilities	<u>765,821</u>	<u>690,065</u>	<u>1</u>	<u>1,246,672</u>
Fund Balances:				
Unreserved -				
Designated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u><u>\$ 765,821</u></u>	<u><u>\$ 690,065</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1,246,672</u></u>

<u>Burtchville WSS IX Series 1996</u>	<u>Burtchville WSS IX Series 1998</u>	<u>Burtchville WSS IX 2004 Refunding</u>	<u>Burtchville WSS IX Series 2000</u>	<u>Algonac/Clay/Ira SDS Series 1999</u>	<u>Algonac/Clay/Ira SDS I Series 2003</u>	<u>Algonac/Clay WSS X Series 1998</u>	<u>Total</u>
\$ 7,224 -	\$ 90 -	\$ - 2,740,000	\$ 760 1,950,000	\$ 644 1,700,000	\$ 7,678 2,910,000	\$ 1,582 6,215,600	\$ 42,066 38,840,600
<u>\$ 7,224</u>	<u>\$ 90</u>	<u>\$ 2,740,000</u>	<u>\$ 1,950,760</u>	<u>\$ 1,700,644</u>	<u>\$ 2,917,678</u>	<u>\$ 6,217,182</u>	<u>\$ 38,882,666</u>
\$ 7,224 -	\$ 90 -	\$ - 2,740,000	\$ 760 1,950,000	\$ 644 1,700,000	\$ 7,678 2,910,000	\$ 1,582 6,215,600	\$ 42,066 38,840,600
<u>7,224</u>	<u>90</u>	<u>2,740,000</u>	<u>1,950,760</u>	<u>1,700,644</u>	<u>2,917,678</u>	<u>6,217,182</u>	<u>38,882,666</u>
-	-	-	-	-	-	-	-
<u>\$ 7,224</u>	<u>\$ 90</u>	<u>\$ 2,740,000</u>	<u>\$ 1,950,760</u>	<u>\$ 1,700,644</u>	<u>\$ 2,917,678</u>	<u>\$ 6,217,182</u>	<u>\$ 38,882,666</u>

Concluded

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS

A Component Unit of St. Clair County, Michigan

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	China/E. China SDS III 1989 Refunding	China/E. China WSS III Series 1999	Algonac SDS I	St. Clair SDS V Series 1993
Revenues:				
Intergovernmental -				
Local	\$ -	\$ -	\$ -	\$ -
Contract Revenue -				
Principal - capital lease	160,000	355,000	140,000	40,000
Interest - capital lease	17,440	180,813	3,150	26,360
Total Revenues	<u>177,440</u>	<u>535,813</u>	<u>143,150</u>	<u>66,360</u>
Expenditures:				
Debt Service -				
Principal retirement	160,000	355,000	140,000	40,000
Interest and fiscal charges	17,440	180,813	3,150	26,360
Professional fees	-	-	-	-
Total Expenditures	<u>177,440</u>	<u>535,813</u>	<u>143,150</u>	<u>66,360</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Bond proceeds	-	-	-	-
Bond premium	-	-	-	-
Bond discount	-	-	-	-
Transfer to escrow	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Clay/Ira SDS I Series II</u>	<u>Ira WSS VII 2003A Refunding</u>	<u>Ira WSS VII 2003B Refunding</u>	<u>Clay WSS II-A Series 1992</u>	<u>Clay WSS II-A 1999 Refunding</u>	<u>Clay WSS II-A Series 2000</u>	<u>Kimball WSS VI Series 1990</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	205,000	150,000	200,000	90,000	325,000	55,000
-	148,416	65,548	14,340	55,613	245,569	21,585
-	<u>353,416</u>	<u>215,548</u>	<u>214,340</u>	<u>145,613</u>	<u>570,569</u>	<u>76,585</u>
-	205,000	150,000	200,000	90,000	325,000	55,000
-	148,416	65,548	14,340	55,613	245,569	21,585
-	-	-	-	-	-	-
-	<u>353,416</u>	<u>215,548</u>	<u>214,340</u>	<u>145,613</u>	<u>570,569</u>	<u>76,585</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS

A Component Unit of St. Clair County, Michigan

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Capac SDS X <u>2004 Refunding</u>	Capac SDS X <u>Series 2000</u>	Yale SDS XI <u>Series 1992</u>	Yale SDS XI <u>Series 1993</u>
Revenues:				
Intergovernmental -				
Local	\$ -	\$ -	\$ -	\$ -
Contract Revenue -				
Principal - capital lease	80,000	25,000	125,000	125,000
Interest - capital lease	<u>29,718</u>	<u>37,465</u>	<u>9,638</u>	<u>27,300</u>
Total Revenues	<u>109,718</u>	<u>62,465</u>	<u>134,638</u>	<u>152,300</u>
Expenditures:				
Debt Service -				
Principal retirement	80,000	25,000	125,000	125,000
Interest and fiscal charges	29,718	37,465	9,638	27,300
Professional fees	<u>27,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>137,599</u>	<u>62,465</u>	<u>134,638</u>	<u>152,300</u>
Excess of revenues over (under) expenditures	<u>(27,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Bond proceeds	470,000	-	-	-
Bond premium	-	-	-	-
Bond discount	(2,331)	-	-	-
Transfer to escrow	<u>(439,788)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>27,881</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over expenditures and other uses	-	-	-	-
Fund Balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Burtchville WSS IX Series 1996</u>	<u>Burtchville WSS IX Series 1998</u>	<u>Burtchville WSS IX 2004 Refunding</u>	<u>Burtchville WSS IX Series 2000</u>	<u>Algonac/Clay/Ira SDS Series 1999</u>	<u>Algonac/Clay/Ira SDS I Series 2003</u>	<u>Algonac/Clay WSS X Series 1998</u>	<u>Total</u>
\$ -	\$ -	\$ 3,127,131	\$ -	\$ -	\$ -	\$ -	\$ 3,127,131
300,000	25,000	-	75,000	170,000	90,000	340,000	3,075,000
68,435	8,515	-	104,038	90,113	116,466	163,890	1,434,412
<u>368,435</u>	<u>33,515</u>	<u>3,127,131</u>	<u>179,038</u>	<u>260,113</u>	<u>206,466</u>	<u>503,890</u>	<u>7,636,543</u>
300,000	25,000	-	75,000	170,000	90,000	340,000	3,075,000
68,435	8,515	-	104,038	90,113	116,466	163,890	1,434,412
-	-	81,587	-	-	-	-	109,468
<u>368,435</u>	<u>33,515</u>	<u>81,587</u>	<u>179,038</u>	<u>260,113</u>	<u>206,466</u>	<u>503,890</u>	<u>4,618,880</u>
-	-	3,045,544	-	-	-	-	3,017,663
-	-	2,740,000	-	-	-	-	3,210,000
-	-	53,687	-	-	-	-	53,687
-	-	-	-	-	-	-	(2,331)
-	-	(5,839,231)	-	-	-	-	(6,279,019)
-	-	(3,045,544)	-	-	-	-	(3,017,663)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Concluded

ST . CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS
A Component Unit of St. Clair County, Michigan

BALANCE SHEETS - CAPITAL PROJECTS FUNDS
DECEMBER 31, 2004

	Algonac Clay/Ira <u>SDS I 1999</u>	Algonac/Clay <u>WSS X</u>	China East China <u>WSS III</u>	Capac <u>SDS X</u>
ASSETS				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 4,576</u>	<u>\$ 2,128</u>	<u>\$ 90,794</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Fund Balances:				
Unreserved -				
Designated	<u>-</u>	<u>4,576</u>	<u>2,128</u>	<u>90,794</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 4,576</u>	<u>\$ 2,128</u>	<u>\$ 90,794</u>

Clay WSS IIA	Burtchville WSS IX	Algonac Clay/Ira SDS I 2003	Total
<u>\$ 98,444</u>	<u>\$ 22,046</u>	<u>\$ 88,580</u>	<u>\$ 306,568</u>
\$ -	\$ -	\$ -	\$ -
<u>98,444</u>	<u>22,046</u>	<u>88,580</u>	<u>306,568</u>
<u>\$ 98,444</u>	<u>\$ 22,046</u>	<u>\$ 88,580</u>	<u>\$ 306,568</u>

ST. CLAIR COUNTY DEPARTMENT OF PUBLIC WORKS

A Component Unit of St. Clair County, Michigan

**STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Algonac Clay/Ira SDS I 1999	Algonac/Clay WSS X	China East China WSS III	Capac SDS X
Revenues:				
Intergovernmental -				
Local	\$(139,398)	\$ -	\$ -	\$ -
Interest Earned	451	48	24	915
Total Revenue	<u>(138,947)</u>	<u>48</u>	<u>24</u>	<u>915</u>
Expenditures:				
Capital Outlay	<u>426</u>	<u>649</u>	<u>646</u>	<u>617</u>
Excess of revenues under expenditures	(139,373)	(601)	(622)	298
Other Financing Sources:				
Bond/Loan Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other sources over (under) expenditures	(139,373)	(601)	(622)	298
Fund Balances at beginning of year	<u>139,373</u>	<u>5,177</u>	<u>2,750</u>	<u>90,496</u>
Fund Balances at end of year	<u><u>\$ -</u></u>	<u><u>\$ 4,576</u></u>	<u><u>\$ 2,128</u></u>	<u><u>\$ 90,794</u></u>

Clay WSS IIA	Burtchville WSS IX	Algonac Clay/Ira SDS I 2003	Total
\$ -	\$ -	\$ -	(139,398)
1,052	326	1,022	3,838
<u>1,052</u>	<u>326</u>	<u>1,022</u>	<u>(135,560)</u>
14,397	12,825	101,509	131,069
(13,345)	(12,499)	(100,487)	(266,629)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(13,345)	(12,499)	(100,487)	(266,629)
<u>111,789</u>	<u>34,545</u>	<u>189,067</u>	<u>573,197</u>
<u>\$ 98,444</u>	<u>\$ 22,046</u>	<u>\$ 88,580</u>	<u>\$ 306,568</u>

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of the Department of
Public Works of St. Clair County
St. Clair, Michigan

We have audited the financial statements of the St. Clair County Board of Public Works as of and for the year ended December 31, 2004, and have issued our report thereon, dated February 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financing Reporting

In planning and performing our audit, we considered St. Clair County Board of Public Works' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the St. Clair County Board of Public Works' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and Board of the Department of Public Works of St. Clair County, Michigan and is not intended to be and should not be used by anyone other than these specified parties.


Certified Public Accountants

February 9, 2005